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AZ CORP COMMISSION  
DOCKET CONTROL

February 22, 2016

Docket Control  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, AZ 85007

RE: Arizona Public Service Company's 2011 Rate Case  
Docket No. E-01345A-11-0224

As required by the EIS Plan of Administration in Decision No. 73183, Arizona Public Service Company (APS) filed its EIS rate calculation, including all supporting data for calendar year 2015 on January 28, 2016.

The calculations included Schedule 2 Capital Carrying Costs and Adjustor Calculation Plant In Service Calendar Year 2012-2015. At that time, this Schedule was redacted to exclude certain confidential information until APS filed its Form 10K Annual Report with the Security and Exchange Commission (SEC). On February 19, 2016, APS completed its 2015 Form 10K filing with the SEC, and as a result, is filing this letter and a complete Schedule 2 with Docket Control.

In accordance with the EIS Plan of Administration approved in Decision No. 73183, the EIS Rate of \$0.000160/kWh will go into effect on April 1, 2016.

If you have any questions regarding this information, please contact Stefanie Layton at (602)250-4541.

Sincerely,

Kerri A. Carnes  
KC/kr  
Attachment

cc: Brian Bozzo  
Parties of Record

Arizona Corporation Commission

DOCKETED

FEB 22 2016

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Schedule 2: Capital Carrying Costs and Adjustor Calculation  
Plant in Service Calendar Year 2012 - 2015  
Billing Period 4/1/2016 - 3/31/2017

Line No.	EIS Calculation	
	<b>Qualified Plant</b>	
1.	Environmental Improvement Projects (Schedule 1, Total Line Column F)	\$43,187,146
2.	Accumulated Depreciation	1,227,823
3.	Cumulative Deferred Tax/Tax Credits	8,146,150
4.	Qualified Net Plant (Line 1 - Line 2 - Line 3)	\$33,813,173
5.	Pre-tax Weighted Average Cost of Capital	11.8560%
	<b>Capital Carrying Cost</b>	
6.	Composite Return on EIS Net Plant (Line 4 * Line 5)	\$ 4,008,890
7.	Annual Depreciation of Plant In Service	908,918
8.	Applicable Property Tax	315,876
9.	Associated O&M Expense	-
10.	Total EIS Revenue Requirement (Line 6 + Line 7 + Line 8 + Line 9)	\$ 5,233,683
11.	Total Company Sales <sup>1</sup>	26,632,142,093
12.	Calculated EIS Adjustment (\$/kWh) (line 10/Line 11)	\$ 0.000197
13.	EIS Rate Cap (\$/kWh)	\$ 0.000160
14.	EIS Rate (\$/kWh) (Lesser of Line 12 and Line 13)	\$ 0.000160

Note: <sup>1</sup> Calendar year 2015 actual retail sales less kWh sales for Rate Schedule E-36-XL and Rate Rider AG-1.